

Oracle Agreements Review

Report FY21 - #02
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Submitted to:

Barry Brummund, Chief Information Officer
Darcy Van Patten, Chief Technology Officer
Timothy R. Schwab, Executive Director, Administrative Technologies

Copies to:

Institutional Internal Audit Review Board
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Secretary of the University
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Summary

Our review of the Oracle America Inc. (Oracle) agreements with the University of Arizona (the University) was included in our approved Fiscal Year (FY) 2021 Audit Plan. This was the first time these agreements had been reviewed. These strategic partnership agreements with Oracle support the University Institutional Excellence strategic pillar by providing best-in-class database products and services to promote a high performing academic and administrative enterprise environment.

Background: The University started the relationship with Oracle in FY 2012 with the purchase of Oracle Database Enterprise Edition to provide performance, availability, scalability, and security to the database infrastructure. As of October 2021, the University had open purchase order commitments of \$3.8MM. Database services are managed by University Information Technology Services (UITs) and provide service to mission-critical applications such as Quali financials/research, PeopleSoft Human Capital Management/Student, Edge Learning, eDisclosure (Conflict of Interest Reporting), and Business Intelligence (UAccess Analytics).

Review Objective: Our objective was to review processes and controls for the execution, management, and understanding of the Oracle agreements. We also determined what processes or controls broke down and led to an unexpected, high cost, Oracle invoice related to the Cancer Center.

Scope: Our scope was tailored to meet the CIO's specific concerns and included processes and controls as of October 2021.

Methodology: Our review objective was accomplished by performing the following:

- interviewing University representatives from UITs and the Cancer Center;
- reviewing processes for new uses of existing licenses/agreements, execution of new agreements, and oversight of all Oracle agreements;
- extracting and reviewing data from UAccess Financials; and
- reviewing applicable University policies and procedures.

Conclusion: While the Oracle products and services appear to provide the performance, availability, scalability, and security to the database infrastructure as advertised, the management of the relationship between the University and Oracle is fragmented. No one person was aware of or was responsible for managing all the Oracle touchpoints with the University. As such, coordination of license uses and achievement of economy of scale discounts with Oracle was conducted haphazardly. These conditions led to the identified issues that are discussed further beginning on page 3.

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According to the Institute of Internal Auditors International Professional Practices Framework, an organization is expected to establish and maintain effective risk management and control processes. These control processes are expected to ensure, among other things, that:

- the organization's strategic objectives are achieved;
- financial and operational information is reliable and possesses integrity;
- operations are performed efficiently and achieve established objectives;
- assets are safeguarded; and
- actions and decisions of the organization are in compliance with laws, regulations, and contracts.

Our assessment of these control objectives as they relate to the Oracle review is presented below.

General Control Objectives	Control Environment	Review Result	
		No.	Page
Achievement of the Organization's Strategic Objectives			
<ul style="list-style-type: none"> • Strategic objectives were supported by the Oracle agreement providing best-in-class database products and services. 	Reasonable to Strong Controls in Place		
Reliability and Integrity of Financial and Operational Information	Not Applicable		
Effectiveness and Efficiency of Operations			
<ul style="list-style-type: none"> • Uses of existing Oracle licenses/agreements for new applications or changes to existing applications were reviewed with Oracle and the decision documented prior to use. 	Opportunity for Improvement	1	3
<ul style="list-style-type: none"> • A central person was assigned the responsibility for oversight and management of all Oracle agreements with the University. 	Opportunity for Improvement	2	4
<ul style="list-style-type: none"> • A list of all Oracle agreements and services with the University was being maintained. 	Opportunity for Improvement	2	4
<ul style="list-style-type: none"> • New Oracle agreements were reviewed by the central person responsible for oversight of all Oracle agreements. 	Opportunity for Improvement	2	4
Safeguarding of Assets	Not Applicable		
Compliance with Laws and Regulations	Not Applicable		

We appreciate the assistance of UITS and Cancer Center employees during this review.

Zakary W. Karmikel

Zakary W. Karmikel, CIA, CISA
Auditor-In-Charge
karmikel@arizona.edu

Sara J Click

Sara J. Click, CPA
Chief Auditor
clicks@arizona.edu

Review Results, Recommendations, and Responses

1. Oracle was not contacted to verify new usage of existing licenses.

Condition: Oracle was not being contacted prior to the use of the existing licenses/agreements on new applications or for changes to the way the University uses applications running on the Oracle database. Contacting Oracle would allow a determination to be made as to whether these new uses comply with existing agreements or would require additional charges.

Criteria: Good business practices suggest that determinations should be made and documented with Oracle prior to new uses.

Cause: Management did not realize the benefit of contacting Oracle prior to new uses.

Effect: Possible unexpected Oracle invoicing.

Recommendation: Management should develop a process to contact Oracle prior to any new uses of existing licenses/agreements or for any changes in the way existing applications are being used so a determination can be made as to whether these new uses would require any additional charges. Further, this determination should be documented and retained in the event Oracle attempted to invoice the University in the future.

Management Response:

Target Implementation Date: June 30, 2023.

The university will revise the current university software license website to remove Oracle as an enterprise offering. In addition, UITS will work with Oracle to disable the ability for anyone at the university to download Oracle software using our enterprise license key. If Oracle is not able to accommodate this, management will implement a practice requiring all campus units to report, on an annual basis, the use of any Oracle license key based on installations, how they acquired the license and how they are covering this expense as part of their annual security report.

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2. There was no single point for Oracle agreement oversight.

Condition: Even though Procurement had knowledge of all purchases, one person had not been designated to be responsible to manage the Oracle relationship with the University, to be the go-to Oracle expert for the University, to retain all current Oracle agreements/support service numbers, and to maintain any Oracle determination letters for use in any future Oracle billing disputes.

Criteria: Good business practices suggest that one person be responsible to manage the Oracle relationship.

Cause: Management did not realize the impact of not assigning one person to be responsible.

Effect: Possible duplication of services, misuse of existing licenses/agreements or failure to identify all Oracle touchpoints with the University to allow economy of scale negotiations when signing future Oracle agreements.

Recommendation: Management should assign a person responsible for the Oracle relationship and all Oracle agreements with the University. This assignment should also be communicated to the University.

Management Response:

Target Implementation Date: September 30, 2022.

Partnering with Procurement, and in alignment with ABOR policy, the university will require CIO approval of all Oracle purchases over \$100K. Contracts will be managed within UITS allowing the retention of all current Oracle agreements/support service numbers. UITS will serve as the primary point of contact for Oracle in managing our relationship.

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